

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY LAGOS

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E.O. 11652: N/A

TAGS: EAID, NI, PFOR, US

SUBJECT: U.S. VOTE ON IBRD CONSIDERATION OF NIGERIAN
LOANS

REF: STATE 271376

1. IN IBRD BOARD MEETING 17 DECEMBER, US SUPPORTED IBRD
BORROWING OF \$240 MILLION FROM THE FMG AND ABSTAINED ON
FIVE IBRD LOANS TO NIGERIA TOTALING \$107.5 MILLION. IBRD
MANAGEMENT EARLIER AGREED TO US REQUEST FOR GENERAL POLICY
REVIEW OF IBRD LENDING TO OIL EXPORTING COUNTRIES IN VIEW
OF LATTER'S NEW LIQUIDITY BEFORE ANY FURTHER IBRD LOANS TO

BE MADE TO THEM.

2. FOLLOWING IS TEXT OF CONCLUSION OF US EXECUTIVE DIRECT-
OR'S STATEMENT IN ANNOUNCING US POSITION AT 17 DECEMBER
MEETING (FULL TEXT FOLLOWS BY POUCH): QUOTE: WE WELCOME
THE DECISION BY BANK MANAGEMENT TO HAVE A FULL REVIEW OF
THE POLICIES AND PRACTICES OF THE BANK WITH RESPECT TO ITS
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RELATIONS WITH OIL EXPORTING NATIONS AS PART OF THE BOARD

REVIEW OF FINANCIAL POLICIES ON JANUARY 21. WE RECOGNIZE THAT THE LOANS WHICH WILL BE BEFORE US FOR CONSIDERATION LATER TODAY HAVE BEEN CAREFULLY PREPARED AND NEGOTIATED

BETWEEN THE BANK AND THE GOVERNMENT OF NIGERIA. SINCE OUR VIEWS ON THE GENERAL POLICY QUESTIONS INVOLVED, ALTHOUGH PREVIOUSLY EXPRESSED INFORMALLY, HAVE NOT BEEN PREVIOUSLY PRESENTED TO THIS BOARD IN A FORMAL POLICY STATEMENT, WE WOULD NOT WISH TO INTERFERE WITH THE DECISIONS THAT ARE MADE TODAY BY THE BANK AND OTHER MEMBERS OF THE BOARD. IN VIEW OF THESE CONSIDERATIONS, AND PENDING THE OUTCOME OF BROADER DISCUSSIONS ON THE GENERAL POLICY GUIDELINES INVOLVED, WE WISH TO REQUEST AT THIS TIME TO BE RECORDED AS ABSTAINING ON THE LOANS WHEN THEY ARE PRESENTED. UNQUOTE.

3. ALL OTHER EXECUTIVE DIRECTORS WHO SPOKE (INCLUDING THE UK, FRANCE AND ITALY) SUPPORTED THE LOANS TO THE FMG. GENERAL REACTION WAS THAT NIGERIA, DESPITE ITS OIL WEALTH, IS STILL A POOR COUNTRY WHOSE DEVELOPMENT EFFORTS THE BANK SHOULD AND CAN USEFULLY ASSIST.

4. NIGERIAN EMBASSY COMMERCIAL COUNSELOR ANI, WHO ACCOMPANIED AMBASSADOR GARBA DURING RECENT CALL ON ASSISTANT SECRETARY ENDERS (REFTEL), TOLD DEPTOFF TODAY THAT HE KNEW OF NO GREAT PROBLEMS HIS EMBASSY HAD WITH US POSITION IN IBRD YESTERDAY, AS NIGERIAN EMBASSY UNDERSTANDS THAT POSITION. WELCOMED US EXECUTIVE DIRECTOR'S INDICATION THAT US POSITION NOT DIRECTED AGAINST NIGERIA PER SE AND THAT SPECIAL ASPECTS OF 5 NIGERIAN LOANS UNDER CONSIDERATION RATED SPECIAL CONSIDERATION. ANI REGISTERED SURPRISE AND SOME PERPLEXITY AT WHY US ABSTAINED INSTEAD OF VOTING YES ON NIGERIA LOANS IN LIGHT OF US STATEMENT, AND HE THOUGHT NIGERIAN OFFICIALS IN LAGOS "MIGHT MISINTERPRET ABSTENSION."

5. PLEASE REPORT ANY LOCAL REACTION.

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